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FIRST COUNTRY COOPERATION FRAMEWORK FOR FIJI (1997-2001)

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INTRODUCTION

1. The five-year Country Cooperation Framework (CCF) for Fiji (1997-2001) is the result of an extensive consultative process between the Government and UNDP. The initial step in defining the scope and nature of UNDP-Fiji cooperation was preparation of a UNDP advisory note for the country programme and a concept paper for the subregional programme. These documents summarized the global, regional and national framework for UNDP programming. In September 1996, formal consultations based on the UNDP advisory note were held between the Government and UNDP, culminating in formulation of the CCF.

2. While the Government enjoys some degree of flexibility in the use of UNDP resources within the CCF, the UNDP Executive Board has established the following parameters to fully capture its mandate and improve the effectiveness and quality of its support:

(a) Programming should be consistent with UNDP's mandate for strengthening sustainable human development, with specific focus on (i) eradication of poverty; (ii) creation of employment and sustainable livelihoods; (iii) advancement of women; (iv) protection and regeneration of the environment; and (v) governance as a cross-cutting element throughout these points of entry;

(b) Taking a programmatic approach to enhance the development impact of the interventions;

(c) Emphasis on upstream SHD strategic policy interventions, while at the same time taking a selective approach for pilot activities downstream to demonstrate and validate the policy issues advocated;

(d) Emphasis on impact and impact monitoring of the proposed interventions.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Development goals and challenges

3. The Government's development policies and strategies are outlined in its manifestos Opportunities for Growth, Mid-Term Capital Expenditure Programme, and the recently launched Preparing for the 1997 Budget: Action Now!. The Government subscribes to the ultimate goal of achieving economic and social well-being for all of Fiji's people, and so is committed to generating an economic and social environment conducive to growth and stability, and to setting clear goals for the years 1996-2000.

4. Throughout the period 1987-1990 Fiji's economic policy shifted to a private sector and market economy made possible by Government introduction of a number of fiscal, financial and monetary reforms that enhanced the country's competitiveness while cutting the public deficit. Investment incentives were also introduced, and labour laws and wages were amended.

5. However, Fiji's economic growth, averaging 2 per cent annually over 1992-1995, hardly exceeded the population growth rate. The per capita gross domestic product (GDP) increased by 2.7 per cent during this period, estimated in 1995 at $2,505. Investment levels have remained low, with private investment in particular dropping from close to 14 per cent of GDP in 1985 to 5.4 per cent in 1994.

6. The sugar sector, while remaining the main contributor to the economy, has declined significantly from about 56 per cent of GDP in the early 1970s to about 36 per cent in 1994. On the other hand, tourism receipts increased to 11 per cent of GDP in 1994, making this sector second only to sugar.

7. Fiji faces uncertain and rather gloomy export prospects that may undermine the economy and social stability in the forthcoming years. The fourth Lomé Convention, which gives preferential trade and market treatment, will expire in the year 2000, with the exception of the component covering the Sugar Protocol. Fiji's economic and financial stability may be threatened by the consequent loss of trade advantages and the future erosion of benefits of other existing preferential marketing treatment through the move to liberalize internal trade among the Asian and Pacific Economic Community countries by the year 2010, without having viable export alternatives. Sugar production is also threatened by uncertainty surrounding the status of land leases under the Agricultural and Land Tenants Act (ALTA), the first lot of which are due for renewal or renegotiation in 1997.

Human development and economic indicators for Fiji

Social indicators		Economic indicators	
Population size	744 000	GDP per capita	$1 991
Average population density	40.7/sq km	Aid as percentage of GDP (1990-1994)	2
Population growth rate	1.1 per cent	Real GDP growth (1990-1994)	
Infant mortality rate*	23/1,000 live births	(percentage)	3.7
Life expectancy at birth	72 years	Expenditure on education as percentage of GDP	5.1
Adult literacy rate*	90.6 per cent	Expenditure on health as	
Mean years of school	7.8	percentage of GNP	1.7

* Human Development Report 1996.

Source: Asian Development Bank, April 1996. "Pacific Studies Series: Sociocultural Issues and Economic Development Indicators in the Pacific Islands", Manila, Philippines.

Sustainable human development

8. According to the Human Development Report 1996, with a human development index value of 0.853, Fiji ranked 47 out of the 174 countries listed, and as such is in the category of high human development. Fiji's social indicators are strong relative to its economic ones, reflecting relatively equitable social policies and the country's enviable natural endowments.

9. While basic human indicators at the national level are generally high, current rates of economic growth are insufficient to sustain them. Furthermore, closer analysis of some of these indicators reveal underlying disparities, particularly between urban and rural areas, and between men and women. Of more concern still is the mounting evidence that the situation for vulnerable groups appears to have actually deteriorated over the past decade.

Poverty

10. When the 1990-1991 Household Income and Expenditure Survey was analysed in late 1995, it revealed that the poorest 10 per cent of households in terms of income received less than 2 per cent of total income in 1990-1991, a small improvement since the 1970s. In 1990-1991, the richest 10 per cent of households accounted for 35 per cent of total income, also an increase since the 1970s. Furthermore, more than 11 per cent of households reported weekly incomes insufficient to meet the cost of a minimum nutritionally balanced diet, and more than 24 per cent of households were at incomes below the national poverty line (minimum food plus basic needs). The number of Family Assistance Scheme (FAS) recipients had increased, and real wages had dropped 16 per cent between 1987 and 1990.

Employment

11. Fiji's labour force is approximately 302,000 persons, of which 109,000 are in salaried employment (28 per cent are government employees). With an estimated 18,000 unemployed (6 per cent of the labour force), the remaining 175,000 are in the informal sector, including in agriculture, self-employment and precarious wage employment. Most in this category - some 60,000 self-employed workers - are involved in sugar-related industries. A further 53,000 are subsistence producers. Emigration of the labour force since 1987, estimated at an average of 3,300 people annually, has eased the unemployment situation by making vacated posts available to job seekers. Nevertheless, outward migration has had an adverse effect on economic growth. The true level of unemployment is further obscured by the low rate of female participation.

Environment

12. The environmental challenges faced by Fiji are well documented in the National State of the Environment Report and the National Environment Strategy. Nevertheless, problems such as waste management and pollution are growing as a result of urbanization and industrialization. In rural areas, deforestation and the expansion of sugar cane and ginger on marginal land has resulted in increased soil degradation. Coral reef destruction is also an emerging concern.

Women

13. Efforts to improve the situation of women in Fiji have achieved significant results in recent decades. Nevertheless, some underlying concerns persist. In terms of economic empowerment, for example, while female participation has increased, women's wages remain at the lower end of the spectrum. Among salaried workers, women take home on average only 88 per cent of what their male counterparts earn. Poverty in Fiji also has a female face: analysis of household income has revealed that almost 20 per cent of those households in the lowest decile are headed by single women. Violence against women is also on the rise, with 660 reported cases in 1993 as opposed to 71 in 1985. Currently, there are only five women in Parliament.

Governance

14. The Government has been successful in pursuing policies favouring progress in the more human dimension of development, as evidenced by Fiji's HDI rank. It has recognized the need to reform and strengthen the way it does business. Considerable energy has been invested in more strategic planning, with brief, clearly articulated policy statements and defined investment priorities. Recognition that the public sector is too large has been long-standing, and an active programme has been launched to privatize selected public institutions, and to downsize the civil service generally. The Government has launched a "budget strategy", which represents a major development in that it identifies concrete targets for the coming years and a specific plan for reducing the budget deficit. All government departments produced corporate plans for the first time in 1995. Fiji's robust media has played a vocal watchdog role in recent years. Significantly, the Government invested some of its UNDP indicative planning figure (IPF) resources in strengthening the Parliament itself during the final year of the country programme. The single most important event of the 1990s will be the review of the Constitution, on which debate is currently taking place.

II. RESULTS AND LESSONS OF PAST COOPERATION

15. External assistance flows to Fiji have been declining since the late 1980s, dropping 50 per cent in local currency terms between 1988 and 1994. For 1993 and 1994, aid represented some 2 per cent of GDP, the lowest in the Pacific. Currently, the principal donors are Australia and the European Union, followed by Japan and New Zealand.

16. Under the fifth country programme for Fiji, which covered the period 1991-1996, resources totalled some $4.8 million, $2.9 million of which was provided as government cost-sharing in the health sector.

17. An analysis of the previous country programme clearly indicates its breadth and lack of focus, as noted by the mid-term review. UNDP support covered 16 projects clustered under the themes of export promotion and tourism development; development of health services; non-sugar agriculture, forestry and fisheries; human resource development; and physical infrastructure.

III. PROPOSED STRATEGY AND THEMATIC AREAS

18. The Government of Fiji is committed to generating an economic and social environment conducive to growth and stability. UNDP will support this by promoting SHD within a coherent and integrated, nationally executed programme. Emphasis will be given to upstream interventions that contribute to national policy and programme design.

A. Public sector efficiency and effectiveness

19. UNDP interventions in support of improving government efficiency and effectiveness will be strategically chosen to ensure maximum impact and leverage. The aid management reform information services for parliamentarians, and resources policy advisers projects will continue to make an important contribution to this objective.

20. Resources available under the new cycle will assist the Government to manage and coordinate the overall reform effort. The Government has launched a number of reform measures in a wide variety of institutions. Donors (in particular, Australia, New Zealand and the ADB) are supporting the reform process. A lack of coordination and management of the reform on the government side, however, is contributing to a lack of integration. The programme will strengthen coordination through support to the Central Planning Office (CPO), Public Service Commission, Prime Minister's Office and Ministry of Finance.

21. In specific areas, the UNDP programme will also assist the reform process in key ministries such as youth, employment and sport; regional development; education; social welfare; trade, commerce and industry; and the Department of Statistics. These interventions will include streamlining critical procedures such as those for public sector sub-contracting for goods and services, management training for middle managers, training in output budgeting information networking (including use of Intranets and the Internet), and human resource planning (both in terms of broader labour force policies as well as internal ministerial human resource development planning). Two long-standing policy issues regarding foreign investment procedures and land tenure will serve as test cases to try out the principles of reform in a practical sense.

22. The Fiji national programme relating to government efficiency and effectiveness will depend to a large extent on support from the subregional Development Management Programme, which will improve core government capacities to design and implement economic and financial reforms, as well as appropriate social safety nets.

23. The efficiency and effectiveness programme is also expected to receive support from a number of other subregional programmes, including Private Sector and Sustainable Livelihood (PSSL), and Human Resource Development (HRD). The expected outcomes for the first thematic area are:

(a) An integrated action plan establishing the linkages between activities and projected outputs of the whole range of public sector reform programmes;

(b) A strengthened CPO capacity to integrate and coordinate national planning and facilitate the participation of the private sector and non-governmental organizations (NGOs) in such planning;

(c) A consultative framework for ministries, departments and NGOs to facilitate the effective coordination and integration of employment creation programmes at the national level;

(d) An information network that will enable the Government and NGOs to access information on human development characteristics and trends;

(e) A strengthened information and advisory service for Parliament;

(f) A strengthened and more efficient aid coordination and management system;

(g) Development of the Government's policy-making and advisory capacity regarding large employment creation projects in resource sectors like minerals, agriculture, forestry, etc.;

(h) National action plans that will map out the Government's commitment on global declarations encouraging nation-building and social integration.

B. Implementing the Suva Declaration: the vulnerable groups programme

24. The Suva Declaration on Sustainable Human Development in the Pacific, signed in July 1994, provides an excellent "home-grown" framework for pursuing SHD in the South Pacific that complements the commitments made by Governments in the region at recent international forums. Target beneficiaries for the vulnerable groups programme will fall under the categories identified in the 1996 Poverty Study, such as female-headed households, low-income families in inadequate housing, families with inadequate water and sanitation, primary school drop-outs, children with disabilities, unemployed youths, unmarried teenage mothers, and adults without secure access to means of livelihood.

25. This programme will contain three distinct components. The first will address upstream elements of a poverty eradication strategy by targeting systemic and policy issues that lead to, or prevent the eradication of, poverty. This component will, for example, contribute to (a) increasing the Government's knowledge of the extent and characteristics of poverty; (b) reviewing specific policies in this field such as the FAS; (c) improving coordination between agencies; and (d) increasing awareness of poverty issues among the general public and policy makers. The component will build on the work already initiated under project following up on the 1996 Poverty Study, which is partially funded by the Poverty Strategies Initiative. It will also receive support from the ongoing subregional Equitable and Sustainable Human Development Programme and the forthcoming Social Integration Programme under the new cycle.

26. The second component of the vulnerable groups programme will aim at preventing the emergence of new poverty. The findings of the 1996 Poverty Study

highlighted the strong correlation between low levels of education and skills, and the incidence of poverty. This component will therefore assist the Government in improving basic education and life skills, as well as developing policies to reform vocational training courses, in cooperation with the International Labour Organization and other donor organizations, to make them more accessible and appropriate for promoting sustainable livelihoods. A range of inputs from the subregional programme will augment the country target for resource assignment from the core (TRAC) resources. Small-scale pilot projects drawing from successful experiences throughout the world will also be funded.

27. The third component of the programme will target the estimated 25 per cent of households in Fiji already living under the poverty line. This component will focus on improving living standards for women, the disabled, urban squatters and the elderly. Assistance will take the form of credit (drawing especially on the proposed MicroStart programme under the subregional programme), small-business training, and strengthening community structures to empower these groups in defining their needs and leading their own development activities. The Government will prepare and implement an integrated poverty alleviation programme based on the results and linkages established by the pilot projects carried out under this component. Target beneficiaries will have attained an improved standard of living as measured by income levels and direct access to basic necessities.

IV. MANAGEMENT ARRANGEMENTS

Management of the cooperation framework

28. The Government intends to enter into strategic partnerships with private companies, civil society, research institutions and others in order to build coordinated, truly nation-wide development, and to exploit the comparative advantages of these partners. The management arrangements for the coming programme should reflect this important underlying objective; the Government will work together with these partners as much as possible in implementing the programme. The Government had extensive experience with national execution during the previous country programme and has strong capacity to execute and implement programmes nationally. Experience in national execution and implementation will continue to be consolidated and linkages between the key players (the Central Planning Office, the Audit Department and UNDP) will be strengthened.

Linkages to subregional programmes

29. The thematic areas of this CCF are congruent with the core theme of the UNDP Pacific subregional programme: job creation and sustainable livelihoods. This complementarity will facilitate the mobilization of additional resources for specific project interventions and strengthen the overall impact of the country programme.

Monitoring and review

30. The Government and UNDP will give greater emphasis to output delivery and impact assessment. Performance indicators will be identified at the design stage of all projects, and baseline data and benchmarks against which results can be measured will be incorporated into the work plans. The programme will be monitored jointly through consultation among Government and UNDP staff. A triennial review of the CCF will be held in mid-1999.

Resource mobilization

31. Resource mobilization targets for Fiji, projected over the next five years are shown in the table in the annex.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR FIJI (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	573	
TRAC 1.1.1	711	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	82	
Subtotal	1 366[a]	
NON-CORE FUNDS		
Government cost-sharing	576	
Sustainable development funds	-	
Third-party cost-sharing	1 152	
Funds, trust funds and other	160	PSI
Subtotal	1 888	
GRAND TOTAL	3 254[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; PSI = Poverty Strategy Initiative; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core

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